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AZ CORP COMMISSION  
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June 16, 2006

Mr. Richard L. Sallquist  
Sallquist, Drummond & O'Connor, P.C.  
4500 South Lakeshore Drive, Suite 339  
Tempe, Arizona 85282

RE: AVRA WATER CO-OP, INC. - APPLICATION FOR A RATE INCREASE  
DOCKET NO. W-02126A-06-0234

LETTER OF INSUFFICIENCY

Dear Mr. Sallquist:

In reference to your rate application received on April 7, 2006 and the supplemental information received on June 1, 2006, this letter is to inform you that your application has not met the sufficiency requirements as outlined in Arizona Administrative Code R14-2-103.

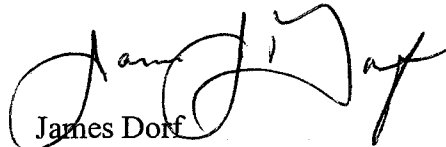
Staff has found several deficiencies with your application, which are listed on a separate attachment. The 30-day sufficiency determination period will begin anew when the Company corrects the deficiencies and Docket Control receives an original and sixteen copies of the corrected pages.

You have 15 calendar days, or until July 3, 2006, to correct the deficiencies or make other arrangements with Staff to remedy your rate application. If the corrections or other arrangements are not made by the above date, Staff will request your docket number be administratively closed. Docket Control will retain one copy of the original application for Commission records. You may file an original and sixteen copies of an updated application at a later date.

Avra Water Co-op, Inc.  
Docket No. W-02126A-06-0234  
Test Year Ended August 31, 2005  
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The Staff person assigned to your application is Jamie R. Moe. He can be reached at (602) 542-0855, or toll free at (800) 222-7000, if you have any questions or concerns.

Sincerely,

A handwritten signature in black ink, appearing to read "James Dorf". The signature is stylized with a large, looping "J" and a cursive "Dorf".

James Dorf  
Chief, Financial & Regulatory Analysis Section  
Utilities Division

CC: Docket Control Center (sixteen copies)  
Lyn Farmer, Hearing Division  
Delbert Smith, Engineering  
Consumer Services  
Legal Division

**STAFF'S SECOND LIST OF DEFICIENCIES**

1. It appears that the revised water usage implies that the Company is experiencing declining customer growth. If it is true, please explain why. If it is not, please verify the water usage data and confirm that there is no error.
2. There appears to be large variances in the monthly gallons sold versus monthly gallons pumped. Please explain these variances and verify that there is no error.
3. The Company states that a new well which will produce 1,300 gallons of water per minute will replace well #s 1, 2, 5, 6, 8 and 9. Please forward a copy of drill log of this said well. Has this well been approved by ADEQ? Please also forward a copy of ATC.